

## Memorandum

To: James Sinclair, Project Executive Sponsor; Project File  
From: John R. Stamatov, Project Manager  
Date: November 3, 2015

RE: Phase 1 of the Addison Rutland Natural Gas Project  
Non-Substantial Change Determination Summary *4th Change Request*  
Docket No. 7970

The purpose of this memorandum is to summarize a proposed alignment reroute in the vicinity of Rotax Road in Monkton, Vermont (the “Project Change” or “Proposed Reroute”) to Vermont Gas System’s (“Vermont Gas” or “VGS”) Addison Rutland Natural Gas Project Phase 1 (the “Project”). This memorandum, combined with the memoranda prepared by Messrs. Nelson and Sky, Mr. Buscher, and Mr. Crock, supports the Project team’s conclusion that this Proposed Reroute is beneficial to the Project and will not raise a substantial issue with respect to any of the applicable Section 248 criteria, and should be considered a non-substantial change to the Project.

As an initial matter, Vermont Gas has previously filed three requests for non-substantial change determinations. With this filing, Vermont Gas believes that only one other non-substantial request is forthcoming.<sup>1</sup> That request is related to successful negotiations with a landowner that requires a reroute along Old Stage Road and a change in the location of a proposed access road. In addition, VGS is evaluating the addition of a third laydown yard in North Ferrisburgh, located in closer proximity to the unbuilt portion of the Project. These additional changes will be the subject of a future non-substantial change request, but will be grouped with the Proposed Reroute for the purpose of collateral permit amendment requests, anticipated to be submitted in the near future. Documents related to the Old Stage Road change are still under development and as such were not ready for inclusion with this filing.

It is important to note that the Project budget of approximately \$154 million as filed with the Board on December 19, 2014, does not need to be modified for this Project Change. In aggregate, the Project Change may result in a slight cost benefit to that Project budget, as it avoids a parcel of land where Vermont Gas had, to date, been unable to secure an easement. Further, the Project Change avoids a horizontal directional drill (“HDD”). We anticipate the elimination of the HDD will reduce construction and schedule risk.

This Project Change affects four landowners and the Town of Monkton. Two of the landowners (LLN 134 and 138) are proposed to have a different pipeline alignment on their property, and there are two newly affected landowners (LLN 135 and LLN 135.01) that are proposed to have the new pipeline alignment on their property. The proposed alignment also crosses Rotax Road (LLN 137) at a different location. VGS has executed an Option Agreement for Easements (“Option”) with each of these landowners and will seek permit approval from the Town of

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<sup>1</sup> It is of course possible that additional changes to the Project could become necessary in response to conditions encountered during construction. Additional changes would be filed with the Public Service Board (the “Board”) as appropriate.

Monkton for the road crossing. Aside from LLN 135 and LLN 135.01, the change does not introduce any new adjoining landowners to the Project.

The Project Change, summarized on Attachment 1A, can be characterized as follows:

- Realignment of approximately 3,400 feet of the transmission line from the permitted-but-unconstructed route (the “Permitted Route”) depicted on the June 30, 2015 Erosion Prevention and Sediment Control (“EPSC”) Plans, from station 1266+55 to 1301+00. The Permitted Route crosses four properties -- LLN 134 (Norris), LLN 134.5 (Palmer), LLN 137 (Rotax Road – Town of Monkton) and LLN 138 (Latreille) and includes permitted impacts to streams, wetlands and wetland buffer features.
- The Proposed Reroute is approximately 3,170 feet in length and crosses LLN 134 (Norris), LLN 135 (Mayo), LLN 135.01 (Raymond Latreille),<sup>2</sup> LLN 137 (Rotax Road – Town of Monkton), and LLN 138 (Beverly Latreille). This proposed alignment no longer crosses the Palmer property, but introduces two new landowners; (Raymond Latreille) and (Mayo), LLN 135.01 and 135, respectively
- The Proposed Reroute generally passes through farmland (LLN 134), running north to south parallel to the VELCO right-of-way (“ROW”) and an adjacent ditch for approximately 1,900 feet. The remaining 1,270 feet of the route then bends to the west, crossing a wooded stream corridor (LLN 135), across a residential lot (LLN 135.01), then across Rotax Road (LLN 137) and onto another agricultural field (LLN 138) where it meets the currently permitted alignment. The Proposed Reroute is shown on the attached orthographic mapping (**Attachment 1B**).

### **Background and Proposed Reroute Benefits**

Since Vermont Gas received its Certificate of Public Good (“CPG”) on December 23, 2013 approving the Permitted Route, Vermont Gas was informed by landowners on the Permitted Route that regrettably a neighbor’s house had burned down and, as a result, the owner may be interested in selling the property to Vermont Gas and/or in relocating replacement of the house to facilitate a reroute around the Palmer property. In response, Vermont Gas investigated a new route around the Palmer property. The result of a feasibility review by VGS engineering, construction, and environmental personnel proved favorable and resulted in the Proposed Reroute. Vermont Gas then met with the newly affected landowners and has since secured Options for the necessary easements. After securing the Options from the landowners, on October 26, 2015, Vermont Gas presented the Project Change to the Monkton Selectboard at its regularly scheduled meeting. All the selectboard members present voted to support the Proposed Reroute.

In addition to shifting the alignment to landowners that have each entered into an Option Agreement for Easements and being fully supported by the Monkton Selectboard, the Project Change has a number of important benefits. These include:

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<sup>2</sup> LLN 135.01 – Latreille is a different owner than LLN 138 - Latreille

- *Reduced schedule and cost risk:* The Proposed Reroute does not include an HDD. As a condition of the CPG, VGS was to construct the pipeline on the Palmer parcel by HDD. As the Proposed Reroute no longer crosses the Palmer parcel, VGS is now installing the pipeline via traditional open-trench methodology. Pipeline installation via HDD is significantly more expensive than open-trench. Additionally, HDD installation can pose significant schedule risk, as the drilling operation can encounter unexpected subsurface conditions that impede progress.
- *Reduced natural resource impacts:* The Proposed Reroute does include impacts to wetlands and wetland buffers; however, these impacts are less than the Permitted Route. Temporary stream impacts associated with the Proposed Reroute are increased, but only slightly. These impacts are fully described in Messrs. Nelson and Sky's memorandum.
- *Avoided Archaeology Impacts:* As outlined in Mr. Crock's memorandum, the Proposed Reroute avoids known archaeological sites.

The attached orthographic mapping (**Attachment 1B**) shows locations of this Proposed Reroute. Messrs. Nelson and Sky, Crock and Buscher have reviewed the Project Change and evaluated the applicable Section 248 criteria, and they have concluded it does not raise a substantial issue with respect to any of the applicable Section 248 criteria. This Project Change will require VGS to seek collateral permit amendments with both the U.S. Army Corps of Engineers and the Vermont Agency of Natural Resources. The Project Change is fully captured in the EPSC Plan Sheets (**Attachment 1C**), which will also be provided as part of our collateral permit amendment filings.

## **Conclusion**

Vermont Gas is proposing this Proposed Reroute to respond to landowner issues and improve constructability. The Project team has reviewed the environmental, aesthetic, and archeological assessments of the Project Change, along with the other Section 248 criteria, and has concluded that this change does not raise a substantial issue with respect to any of the applicable Section 248 criteria. In addition, where required, VGS will obtain collateral permit approval through the amendment process. We conclude the proposed Project Change is non-substantial and provides improvements to the Project without an increase to the Project budget, and without raising substantial issues with respect to any of the applicable Section 248 criteria.